

## BUDGET CYCLE AND STRATEGIC PROGRAM AREA REVIEWS

Under A.R.S. § 35-113, the state has a “bifurcated” budget system in which most state agencies submit a biennial budget request each odd-numbered year, requesting a separate appropriation for each of the next 2 fiscal years. Larger state agencies make an annual budget request. These “annual budget units” are:

- Arizona Department of Administration
- Arizona Health Care Cost Containment System
- Arizona Community Colleges
- Department of Corrections
- Department of Economic Security
- Arizona Department of Education
- Department of Health Services
- Judiciary
- Department of Juvenile Corrections
- School Facilities Board
- Arizona Department of Transportation
- Universities, including:
  - Arizona Board of Regents
  - Arizona State University - Main, East, and West
  - University of Arizona
  - Northern Arizona University

In addition to these agencies, the FY 2008 General Appropriation Act appropriated annual budgets to 5 other agencies. As a result, both groups of agencies will also

need to have an FY 2009 budget approved in the 2008 legislative session. The remaining agencies received a biennial budget in the 2007 legislative session for both FY 2008 and FY 2009.

The table below provides additional detail on how the budget cycle has changed for state agencies since FY 1992 and FY 1993.

### SPARs

A.R.S. § 41-1275 establishes the state’s Strategic Program Area Review (SPAR) program. The program requires the JLBC Staff, in consultation with the OSPB, to recommend a list of areas for study to the JLBC by January 1 of every odd-numbered year. On December 18, 2006, the JLBC selected the following 2 program areas to be subject to the SPAR process in 2007 and 2008:

- Substance Abuse Funding
- Debt and Third-Party Financing

JLBC Staff and OSPB will jointly publish SPAR reports on these 2 program areas no later than January 1, 2008. The reports will be considered by the Legislature in the 2008 session.

<b><u>Biennium</u></b>	<b><u>Changes in Biennial Budgeting</u></b>
FY 1992 - FY 1993	All agencies on annual cycle.
FY 1994 - FY 1995	All agencies on annual cycle except for 26 “90/10” agencies.
FY 1996 - FY 1997	Annual cycle (“Major Budget Units”): ADOA, AHCCCS, Community Colleges, Corrections, ASDB, DES, ADE, DEQ, DHS, Judiciary, Lottery, DJC, DPS, ADOT, and Universities. Remaining agencies on biennial cycle, except for 6 biennial agencies that did not receive FY 1997 budgets in 1995 Legislative Session.
FY 1998 - FY 1999	Same as in FY 1996 - FY 1997, except that ASDB, DEQ, Lottery, and DPS became biennial.
FY 2000 - FY 2001	Laws 1997, Chapter 210 revised the statutory schedule to require all agencies to be budgeted biennially. All agencies actually received biennial budgets (except for the Board of Medical Examiners, which received annual budgets).
FY 2002 - FY 2003	All agencies received biennial budgets in Laws 2001, Chapter 236, but most agencies’ FY 2003 General Fund budgets were repealed by Laws 2001, Chapter 5, 2 <sup>nd</sup> Special Session.
FY 2004 - FY 2005	Laws 2002, Chapter 210 revised the statutory schedule to require the following agencies to be budgeted annually: ADOA, AHCCCS, Community Colleges, Corrections, DES, ADE, DHS, Judiciary, DJC, School Facilities Board (SFB), ADOT, and Universities. Remaining agencies on biennial cycle. Matches FY 1998 - FY 1999 cycle with exception of SFB, which was not created until late FY 1998. In terms of the actual budget, biennial budgets were limited to agencies funded solely from Other Appropriated Funds and General Fund agencies with appropriations of less than \$1,000,000. All other budgets biennial for FY 2004 and FY 2005.
FY 2006 - FY 2007	No changes in statutorily-mandated annual agencies from previous biennium. In general, Other Appropriated Fund agencies and small General Fund agencies received a biennial budget. All other budgets biennial for FY 2006 and FY 2007.
FY 2008 - FY 2009	No changes in statutorily-mandated annual agencies from previous biennium. In addition to statutory annual budgets, the Department of Financial Institutions, State Mine Inspector, Arizona Navigable Streams Adjudication Commission, Department of Public Safety, and the State Treasurer received an annual budget. All other budgets biennial for FY 2008 and FY 2009.